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June 28, 1996

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JUN 28 1996

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: EX PARTE PRESENTATION - In re Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers - CC Docket No. 95-185; and Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 - CC Docket No. 96-98

Dear Mr. Caton:

On June 27, 1996, on behalf of Paging Network, Inc., the undersigned counsel, Mark Drazen of Drazen & Associates, and Jan Jubon of Jubon Consulting met with Suzanne Toller, Legal Advisor to Commissioner Rachelle B. Chong, to discuss issues in the above-referenced dockets and the information contained in the attached presentation.

As the above-described meeting was completed late in the afternoon, counsel was unable to file this letter on the same day that the meeting occurred. To the extent the Commission deems necessary, counsel hereby requests waiver of §1.1206(a)(2) of the Commission's rules requiring same-day submission of the instant letter.

In accordance with the Commission's rules, 47 C.F.R. §1.1206(a)-(b), we are filing an original and two copies of this notice of *ex parte* presentation. Please direct any questions regarding this filing to the undersigned.

Respectfully submitted,

Judith St. Ledger-Roty
Judith St. Ledger-Roty

JSLR:cpa
Enclosure

cc: Suzanne Toller

Paging Network, Inc.

**PAGENET IS THE NATION'S AND THE WORLD'S
LARGEST
MESSAGING CARRIER**

**OVER 4 BILLION CALLS PER YEAR
DOMESTICALLY
7.4 MILLION CUSTOMERS**

Paging Network, Inc.

ONE-WAY MESSAGING SERVICES OFFERED BY PAGING CARRIERS

Traditional Numeric Paging
Alphanumeric
**VoiceNow ("voicemail on
your belt")**
Wireless Fax
Wireless Data
Credit Card Verification

ONE-WAY MESSAGING SERVICES OFFERED BY OTHER WIRELINE & WIRELESS NETWORKS

Caller ID
Answering Machines
Voicemail

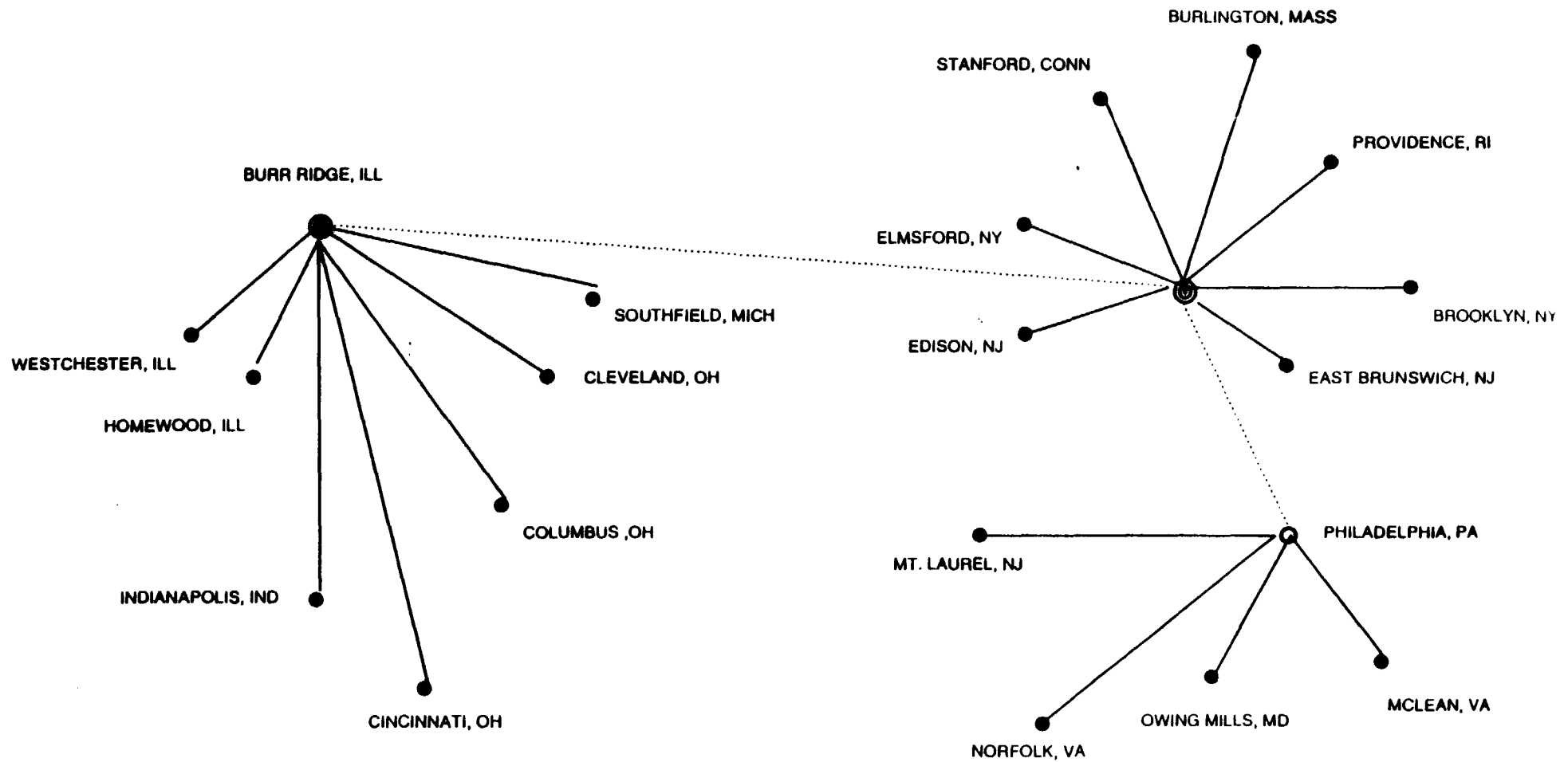
Fax
Data
Credit Card Verification

**MESSAGING TRAFFIC INCREASINGLY
PREDOMINANTLY INTERSTATE**

- ♦ **900 MHz NATIONWIDE, REGIONAL FREQUENCIES**
- ♦ **900 MHz NARROWBAND FREQUENCIES NATIONWIDE,
REGIONAL**
- ♦ **931 MHz COMMON CARRIER FREQUENCIES TO BE
AUCTIONED, MOST LIKELY, ON MTA BASIS - SYSTEMS
ALREADY REFLECT MTA OR GREATER GEOGRAPHY**

DIAGRAM 1

ILLUSTRATIVE DIAGRAM OF
PAGENET INTERSTATE NETWORK



Paging Network, Inc.

**CRITICAL NEED FOR FCC TO ESTABLISH &
IMPLEMENT INTERCONNECTION AND
COMPENSATION PRINCIPLES FOR MESSAGING TO
CURTAIL SYSTEMIC INTERCONNECTION FLAWS**

CURRENT PROBLEMS

- ◆ **INCONSISTENT AND ARBITRARY TREATMENT AMONG LECs**
- ◆ **MESSAGING CARRIERS TREATED LIKE END USERS, NOT CARRIERS**
- ◆ **TREATMENT INFERIOR TO THAT OF OTHER CARRIERS**

RESULTS

- ◆ **OVERCHARGES TO MESSAGING CARRIERS**
- ◆ **COMPETITIVE DISADVANTAGE FOR MESSAGING-ONLY**

Paging Network, Inc.

**PAGING CARRIERS ARE SUBJECT TO WIDELY
VARYING RECURRING LEC CHARGES**

Per-Block of 100 Telephone LEC End Office Numbers

BellSouth	\$ 0.50/month
PacBell	\$ 0.50/month
US West	\$15.00/month
SNET	\$52.00/month

**THE FCC NEEDS TO CLEARLY REASSERT LONG-STANDING
CO-CARRIER PRINCIPLES PROMOTING COMPETITION
FOR BENEFIT OF CUSTOMERS**

- ♦ **A CARRIER MUST BE PAID FOR THE USE OF
ITS NETWORK**
- ♦ **PAYMENT SHOULD BE BASED ON
DIRECTIONALITY (TERMINATING
COMPENSATION)**
- ♦ **PAYMENT OF COMPENSATION MUST APPLY
TO ALL CARRIERS**

CO-CARRIERS INCLUDE:

- ♦ **LECs**
- ♦ **CLECs**
- ♦ **INDEPENDENTS**
- ♦ **CMRS**
 - **Cellular**
 - **Messaging/Paging**
 - **ESMR**
 - **Other**

**APPLICATION OF POLICY CONSISTENTLY
APPLIED, TRANSLATES INTO:**

- ◆ **Facility Paid For Based On “Proportionate Use”**
- ◆ **There Should Be No Charges To Wireless Carrier For inter-Carrier Trunk Facility Between LEC And MTSO If 100% Of Traffic From LEC To Wireless Carrier**
- ◆ **Example: Bell Atlantic Cellular Tariff Charges Cellular Carrier For Mobile-To-Land But Not Land-To-Mobile**
 - ◆ **Bell Atlantic Refuses To Give PageNet Same Terms**

**CHARGES TO MESSAGING CARRIERS FOR
FACILITIES BASED ON OTHER THAN
PROPORTIONATE USE IN EACH DIRECTION
IS AN UNREASONABLE PRACTICE UNDER
SECTION 201 OF THE COMMUNICATIONS ACT**

Paging Network, Inc.

**COMPENSATION TO MESSAGING CARRIERS
FOR TRAFFIC TERMINATED
OVER THEIR NETWORKS**

EXAMPLE:

**NYNEX Offering Compensation To Cellular For Calls
Terminated Over Cellular Career Networks**

**NYNEX Pays CLECs For All Calls Terminated
Over CLEC Network**

**NYNEX Pays Independent LECs For Calls
Terminated Over Their Networks**

**NYNEX Refuses To Pay Messaging Carriers
For Calls Terminated Over Their Networks**

Paging Network, Inc.

**CHARGES BY CMRS CARRIERS TO LECs FOR USE
OF CMRS FACILITIES ARE RATES**

**SECTION 332 PROHIBITS STATES FROM
SETTING THESE RATES**

**(LECs WOULD LIKE TO PRETEND THAT THESE
CHARGES ARE DISCOUNTED OFF LEC
SERVICES)**

Paging Network, Inc.

**FACT THAT LECs ARE ATTEMPTING TO
DETERMINE INTERCARRIER RATES PAID TO
WIRELESS CARRIERS (COMPENSATION RATES)
POINTS UP GROSS, ONGOING LEVERAGE
IMBALANCE;**

**FCC ARTICULATION OF COMPENSATION
REQUIREMENTS NEEDED TO OFFSET IMBALANCE
IN LEVERAGE**

**FAILURE OF LECs TO PAY MESSAGING CARRIERS
FOR USE OF MESSAGING NETWORK**

- ◆ **UNREASONABLE PRACTICE UNDER SECTION 201(b)**
- ◆ **UNREASONABLY DISCRIMINATORY PRACTICE UNDER SECTION 202(a) TO EXTENT THAT PAY CELLULAR, PCS, CLEC, INDEPENDENTS FOR TRAFFIC THAT TERMINATES OVER THEIR RESPECTIVE NETWORKS**

RECOMMENDED RATE

BASIS

- ♦ **USE PER-CALL RATE BECAUSE PAGING TRAFFIC UNIFORM**
- ♦ **SIMPLICITY**
- ♦ **USE LEC COST AS SURROGATE**
- ♦ **DERIVE FROM ACCESS COST STUDY - AVAILABLE, CONSISTENT**

COST BASIS

- ♦ **SET UP COST** **\$.005/CALL**
- ♦ **DURATION COST** **\$.006/MINUTE**

RESULT

- ♦ **ASSUMING 15-SECOND AVERAGE LENGTH:** **\$.0065/CALL**
- ♦ **ASSUMING 30-SECOND AVERAGE LENGTH:** **\$.0080/CALL**

NATIONAL POLICIES

♦ **COMPENSATION**

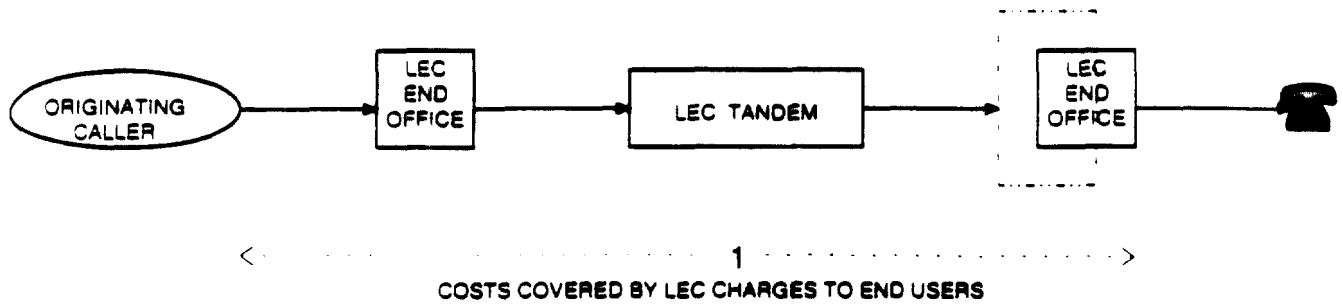
♦ **EFFICIENT CONSISTENCY**

♦ **PRO-COMPETITION**

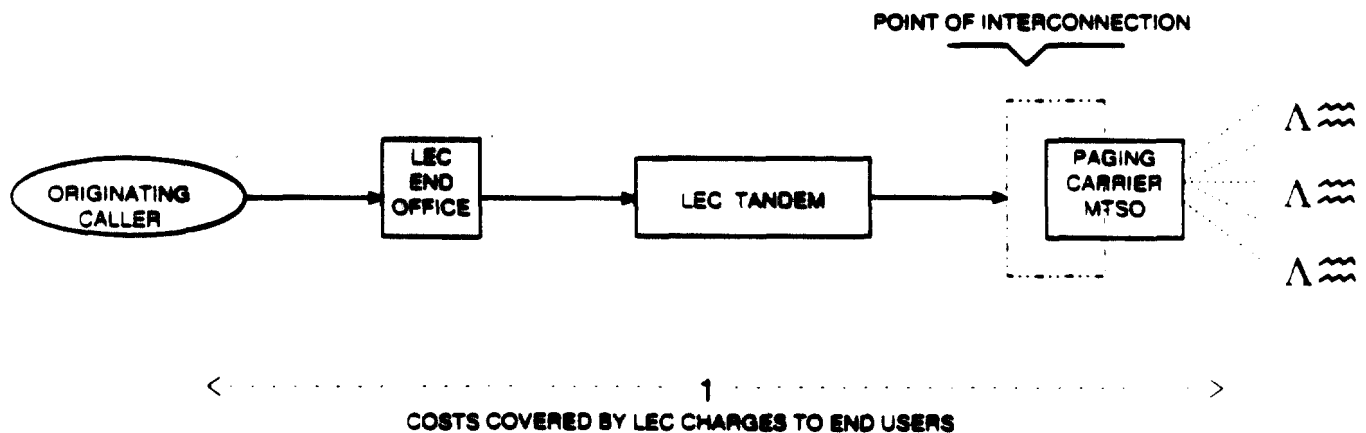
DIAGRAM 2

CALL ROUTING AND COST COVERAGE BY LEC

LEC-PROVIDED TERMINATION -- LOCAL CALL



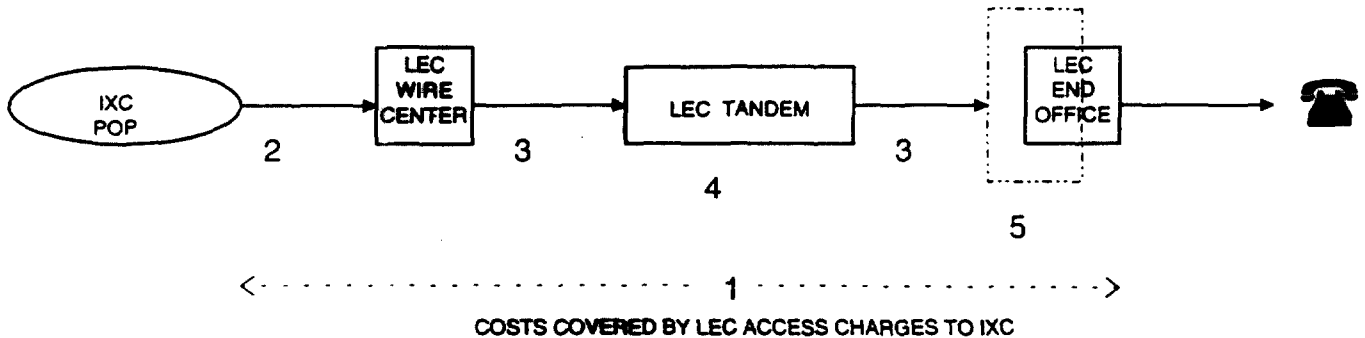
PAGING CARRIER TERMINATION -- LOCAL CALL



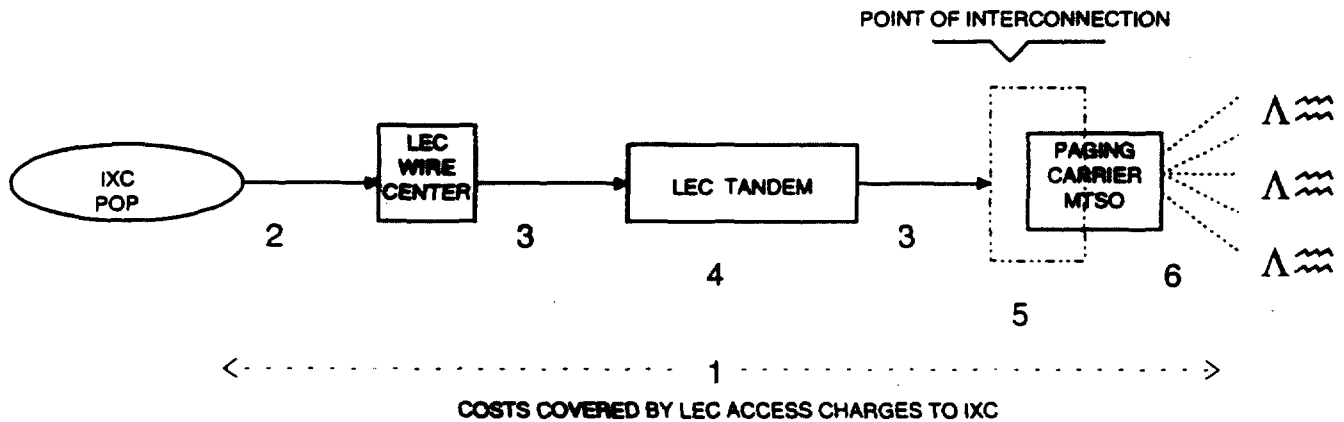
1 = LEC Basic Local Service Flat Rate

CALL ROUTING AND COST COVERAGE BY LEC

LEC-PROVIDED TERMINATION -- LONG DISTANCE CALL



PAGING CARRIER TERMINATION -- LONG DISTANCE CALL



- 2 = LEC Entrance Facility
- 3 = LEC Tandem Switched Transport
- 4 = LEC Tandem Switching
- 5 = LEC Terminating Local Switching
- 6 = Paging Carrier switching and local transport functions and charges

NATIONAL POLICIES

A. COMPENSATION - LOCAL CARRIERS ARE ENTITLED TO COMPENSATION FOR CALLS TERMINATED OVER THEIR NETWORKS.

Application of Policy: Messaging Carriers Are Entitled To Compensation Regardless Of Fact That Messaging Carriers Do Not Terminate Traffic At Present Over LEC Networks.

B. CONSISTENCY - PAYMENT BETWEEN CO-CARRIERS SHOULD BE BASED ON DIRECTIONALITY. IF CARRIER ONLY RECEIVES (TERMINATES) TRAFFIC, IT SHOULD NOT BE REQUIRED TO PAY FOR FACILITY.

Application of Policy: Messaging Carrier Should Not Be Required To Pay For Inter-Carrier Facility Between LEC And MTSO. If Messaging Carrier Uses Facility To Originate As Well, Payment Based On Proportionality Of Directional Use.

NATIONAL POLICIES

C. COMPENSATION TO CO-CARRIERS SHOULD PROMOTE DIVERSITY IN COMPETITION

- ◆ **UNEQUAL TREATMENT HARMS MESSAGING CARRIERS THAT USED NOT TO OFFER TWO-WAY INTERACTIVE SERVICES**
- ◆ **UNEQUAL TREATMENT WOULD FORCE OTHERWISE UNECONOMIC RELATIONSHIPS**
 - ◇ **MESSAGING CARRIER RELATIONSHIP w/CLEC**
 - ◇ **MESSAGING CARRIER RELATIONSHIP w/CELLULAR CARRIER**
 - ◇ **MESSAGING CARRIER RELATIONSHIP w/INDIVIDUALS**

Application of Policy: Require LECs to compensate all wireless carriers for all traffic terminated on wireless facilities - no distinction based on one-way nature of traffic

NATIONAL POLICIES

D. COMPENSATION POLICY RE LECs SHOULD ALSO PROMOTE COMPETITION

- 1. ALL LECs MUST OFFER TRUE END OFFICE INTERCONNECTION AT REASONABLE COST-BASED RATES, WITHOUT SUBSIDIES**
- 2. CHARGES FOR END OFFICE "NUMBERS" MUST BE COST BASED. THERE MUST BE NO LEC CHARGES FOR NXX CODES. (Any charges, assessed fairly to all carriers by third party Administrator).**
- 3. ALL CARRIERS ENTITLED TO ALL SIGNALING ARRANGEMENTS. MESSAGING CARRIERS ARE ENTITLED TO RECEIVE SS7.**

MYTH TO DEBUNK

**ALLEGATION: TRAFFIC MUST FLOW IN BOTH
DIRECTIONS (MUTUALITY OF TRAFFIC) IN
ORDER FOR ENTITLEMENT TO
COMPENSATION (Conn. DPU; SNET)**

**RESPONSE: MESSAGING CARRIER INCURS
COSTS FOR TERMINATING TRAFFIC; THE
FACT THAT IT DOES NOT ORIGINATE
TRAFFIC HAS NO BEARING UPON THE FACT
THAT COSTS ARE INCURRED**

MYTH TO DEBUNK

**ALLEGATION: STATES NEED BROAD JURISDICTION
OVER WIRELESS CARRIERS IN ORDER FOR THOSE
CARRIERS TO BE ENTITLED TO COMPENSATION (Conn.
DPU)**

**RESPONSE: STATE JURISDICTION IRRELEVANT TO
ENTITLEMENT TO COMPENSATION**